

## RELIEF OF DEALERS IN RATIONED ARTICLES

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Mr. BROWN, from the Committee on Banking and Currency, submitted the following

## REPORT

[To accompany S. 2315]

The committee on Banking and Currency, to whom was referred the bill (S. 2315) for the relief of dealers in certain articles or commodities rationed under authority of the United States, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

This bill authorizes the Reconstruction Finance Corporation to purchase or make loans upon the security of certain articles or commodities which are rationed under authority of the United States. Its general purpose is to provide for dealers in such articles or commodities financial assistance in carrying stocks which they are not permitted to sell.

## ELIGIBILITY FOR RELIEF

There are two general standards for determining when such purchases or loans may be made under the bill:

1. Such purchases and loans may be made only in the case of articles or commodities which are rationed in a manner and under circumstances which result or are likely to result in a substantial number of dealers being unable to dispose of their stocks on hand within a period of 6 months.

2. Such purchases and loans may be made only in the case of, or for the purpose of aiding or assisting dealers, a substantial part of whose business consists of dealing in and servicing rationed articles or commodities of one or more kinds.

While these standards are general in nature, they limit the practical importance of the bill at the present time to affording relief to dealers in automobiles, motortrucks, or tires. If in the future similar circumstances should develop in the case of dealers in other commodities, they would then be entitled to the relief afforded by the bill.

For the purposes of the bill, an article or commodity is deemed to be rationed whenever its sale to the general public in the ordinary course of trade or business has been restricted or prohibited by any regulation or order made for the purpose of aiding in the more effective prosecution of the war effort or for the purpose of conserving the supply of such article or commodity. Thus, the term "rationing" includes any so-called freezing by which all sales are prohibited.

#### TERMS OF RELIEF

The general rule provided by the bill is that purchases and loans thereunder shall be made by the Reconstruction Finance Corporation on a basis which will enable dealers to secure for an article or commodity not less than cost (to the extent that such cost is a reasonable one incurred in the ordinary course of trade or business), plus a reasonable allowance for transportation costs, storage, handling, servicing, insurance, carrying charges, and other expenses incurred by the dealer in connection with such article or commodity. However, it is provided that the purchases and loans shall be made on such a basis that a dealer will be able to secure not less than the fair retail price for an article or commodity which has been held by one or more dealers for 18 months or longer after the rationing begins. The fair retail price for this purpose is to be fixed by the Price Administrator in the Office of Price Administration, taking into consideration transportation costs and other charges and expenses. In the case of automobiles, it is contemplated that substantially all of those in the hands of dealers will have been disposed of before the 18 months' period expires.

The purchases may be made directly from and the loans made directly to the dealer, or they may be made from or to credit agencies furnishing credit for the dealer, if the dealer so requests.

The Reconstruction Finance Corporation is authorized to prescribe such additional terms and conditions with respect to loans and purchases under the bill as it deems to be necessary and consistent with the purposes of the bill. The Corporation is also authorized to dispose of any article or commodity acquired by it under the bill, and to make such agreements or arrangements as may be necessary and appropriate for carrying out the purposes of the bill.

